

## Wharton Sports Business Initiative Newsletter – March 2008

Friends of the Wharton Sports Business Initiative (WSBI):

We are pleased to write to you about the great momentum of WSBI, the MBA student-led Wharton Sports Business Club (WSBC) and the Undergraduate Sports Business Club. For more information on our vision to connect Wharton alums and other leaders in the sports industry with the resources of the Wharton School, please visit our newly revamped website at: <http://wsb.wharton.upenn.edu/>. You may link to the student clubs from that site as well.

The biggest news for WSBI since our last newsletter is the announcement last month of a \$5 million gift from alums Ken and Julie Moelis. We believe that this is the single largest gift ever to a sports business related educational program. Please read about the gift at [http://www.wharton.upenn.edu/whartonfacts/news\\_and\\_events/newsreleases/2008/p\\_2008\\_2\\_718.html](http://www.wharton.upenn.edu/whartonfacts/news_and_events/newsreleases/2008/p_2008_2_718.html) Please join me in giving a special thank you to Ken, Julie and the Moelis family. This amazing gift will allow us to take many more steps forward including involving greater numbers of faculty in sports business related research and bringing top level sports business related speakers to campus.

On the schedule for this semester are a sports financing presentation, a sports mergers and acquisitions panel with three of the top executives in this space, a host of guest speakers, treks, consulting projects for CBS Sportsline and AOL Sports, a non-profit undertaking on behalf of the School District of Philadelphia, some exciting entrepreneurial endeavors and the fourth iteration of the NFL-NFLPA Business Management and Entrepreneurship executive education program.

The students have played a very active role in all that we have done. They have also done much independently developing other sports industry relationships. This is perhaps best reflected in the WSBC's working relationship with the NBA, announced in September of this year. More information on the many WSBC activities that took place in 2007 are set out below and can be found in further detail on the club's website and blog: <http://wsbc.wharton.upenn.edu/>.

Please feel free to contact us with any thoughts at [sportsbusiness@wharton.upenn.edu](mailto:sportsbusiness@wharton.upenn.edu) or give me a call at 215-898-3017

Sincerely,

Kenneth L. Shropshire

Faculty Director, WSBI

## Newsletter Highlights

**Recent Publications:** Shropshire: Being Sugar Ray

Wolfers: Racial Discrimination by NBA Referees

**NFL Recruiting:** NFL Blue Chips Recruiting Program

**Conferences:** “Leadership Lessons Learned from Sports”, Wharton Economic Summit

“Black Scholars and Sports”, A Sports Business Roundtable

“Starring Beyond the Spotlight”, Whitney M. Young Conference

**Industry Panels:** “Sports Careers” and “Sports Media”

**Student Consulting:** CBS Sportsline, Field Generals and Philadelphia Eagles

**Professor Series:** Faculty presentations of current research projects relevant to the business of sport

**Guest Speakers:** Arn Tellem, Bill Duffy, Jeff Fluhr and Tom Austin

**Student Treks:** Citigroup Sports Advisory, ESPN, MLBAM, NBA, NFL International, TAKKLE

**MBA Internships:** Chivas, MLS, NBA, Nike

**WSBC:** Working relationship with the NBA

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## PUBLICATIONS

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### **“Being Sugar Ray”**

*The Life of Sugar Ray Robinson, America's Greatest Boxer And First Celebrity Athlete.*

Kenneth Shropshire, February 2007

Sugar Ray Robinson transcended race and sport to become a celebrity athlete in a way that no one - white or black - had accomplished before him. From his business empire to his prized flamingo pink Cadillac, described as the Hope Diamond of Harlem, Kenneth Shropshire shows Sugar Ray was the trailblazer whom every athlete since has been trying, consciously or otherwise, to emulate. More than a biography of Sugar Ray Robinson, this is an intellectual expedition into the culture of celebrity in sports.

More on the book can be found [here](#).

### **Racial Discrimination Amongst NBA Referees**

Justin Wolfers and Joseph Price, June 2007

While Professor Wolfers has performed research on such significant subjects as the death penalty, none of his previous research created the stir that his paper on racial bias amongst NBA referees had caused.

The main question Wolfers asks is whether a referee of a given race shows any bias towards his own or another race. This is not an attempt to discover if these officials are themselves racist, rather it is to find if they harbor a bias, possibly unknown even to themselves. He chose the NBA for two major reasons. First, while the teams of referees are not randomly assembled, their assignment to a given game is; and given the significant repetition, the result was a quality data set. Second, the group as a whole was a good target, as this type of bias would seem to be rare in a setting with such high visibility, transparency, and strict monitoring. As he mentions, NBA referees are closely monitored by the league at all times.

His research eventually concluded that there was some level of bias, but only by a slim statistically significant amount. The bias appeared to suggest that the non-black players in the NBA were called for more fouls based on the makeup of the officiating team. Results aside, more importantly was the subsequent backlash from the national media. Ranging from the cover of the New York Times to significant coverage on ESPN shows such as PTI, the study was scrutinized for days.

In the end, Professor Wolfers' study is statistically sound, and possibly reveals some underlying biases that exist in our society today. Ironically, while many of his studies have a greater perceived social impact, none have garnered the attention of a study on the NBA. As he noted from a conversation with sports writer Bob Ryan, sports is something people truly feel is "important."

See the research paper [here](#).

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### **NFL Recruiting**

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October 17, 2007

Top NFL executives including Eric Grubman, President of NFL Ventures, Inc., visited Wharton to recruit students for both their Summer Internship Program and newly created NFL Blue Chips Program, a full-time program for recent graduates that offers an unparalleled experience working in a series of rotational assignments and project work that spans the course of three years.

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### **CONFERENCES**

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#### **Leadership Lessons Learned from Sports**

Wharton Economic Summit, April 2007

The world of pro sports may look a lot more exciting than life in the office, but in reality - when you strip away the glamour and media attention - the bottom line for success is not too different on the playing field than it is in the business world. Character is what counts the most, whether you are scouting for a new quarterback in the NFL draft or hiring a young commodities trader. That was the message from this panel, moderated by Kenneth Shropshire and comprised of Philadelphia Eagles owner Jeff Lurie, Cincinnati Reds owner Robert Castellini, New York Nets co-owner Gary Lieberman and Mark B. Fisher, founder of MBF Clearing Corp., who has recruited successful athletes to work on Wall Street. For articles on the panel discussion, click [here](#) and [here](#). A podcast of interviews with Kenneth Shropshire and Jeff Lurie, given at the summit, can be heard [here](#).

#### **"Black Scholars and Sports," A Sports Business Roundtable**

Wharton Impact Conference, November 2007

WSBI hosted a small group of scholars focused on the future of scholarship impacting Blacks in the business of sports. The wide ranging conversation began with the foundations established by the early writings of the famed sociologist, Dr. Harry Edwards. In addition to sharing their current and past scholarship the group focused on the scholarship that it would like to see done in the future. Multiple topics were deemed to be important, including a continued vigilance on the statistics serving as indicators of the inclusion of Blacks in sports. Also included on the list were the following:

- The impact of globalization on African Americans on and off of the field of play
- The future role of historically black colleges and universities in sports
- Understanding the past and future role of hip-hop on the sports business.

### **Sports & Entertainment: Starring Beyond the Spotlight**

Whitney M. Young Conference, November 2007

Running throughout the seminar session was a common thread that the successful athletes and entertainers of the 21<sup>st</sup> century will be the ones who view themselves not just as great players but as global brands, involved in both business deals and humanitarian activities that extend well beyond the playing field. The panel discussion also highlighted the role of a new breed of entrepreneurs who work with these athletes to make this new vision happen. Panelists included Bill Duffy, President of BDA Sports Management, Shonette Harrison, VP of Casino Marketing at Harrah's Chester Casino & Racetrack, and Charles "Tank" Harris, President of Sports at Sports & Entertainment Financial Group.

Read the full write-up on the panel [here](#).

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## INDUSTRY PANELS

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### **Sports Careers Panel**

October 11, 2007

A full house of students and alumni welcomed an impressive line up of executives from different areas in the industry for an interactive discussion that focused on how best to carve out a career in sports and the changing nature of opportunities within the space. The panel was moderated for the third year running by Jed Hughes of Spencer Stuart and included Bill Kraus - SVP of Marketing, Under Armour; Leah La Placa - VP of Programming & Acquisitions, ESPN; Andy Speiser – SVP of Finance, Philadelphia 76ers; and Mitchell Ziets, President and CEO, MZ Sports.

### **Sports Media Panel**

November 27, 2007

Moderated by WSBI's Scott Rosner, the panel of leading experts from the industry's most dynamic space included Mike Allen – Senior Director of Digital Products, NBA; Justin Shaffer – SVP of New Media, MLB Advanced Media; Ryan Donovan – VP of Marketing, Versus; and Chris Vollmer - VP Consumer and Media, Booz Allen. Discussion ranged from the shifting trend of sports consumption from TV to online and the associated challenges different parties face, to the benefits and risks of empowering the consumer through user-generated media. Two differing approaches highlighted the need to find a balance between embracing the medium for the sake of spreading the sport's reach versus maintaining control of all distribution channels for the sake of protecting rights holders' rights. Read more on the panel on the WSBC [blog](#).

*Panels in the pipeline for Spring 2008 include Sports Finance and Sports Mergers and Acquisitions.*

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## STUDENT CONSULTING PROJECTS

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Through Wharton's Field Application Project and Independent Study Project classes, students have worked on two projects for CBS Sportsline for the third consecutive year, two projects for the Philadelphia Eagles, and one for USA Football. The projects ranged in scope from interactive media market research and online revenue modeling to demographic research and business development strategy.

*Ongoing FAPs and ISPs include projects for CBS Sportsline, AOL Sports, the Philadelphia Eagles and the School District of Philadelphia.*

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## PROFESSOR SERIES

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Another new initiative this past Fall has been a series of brown bag lunch presentations by Wharton and Penn professors who have published research or are currently researching within the sports industry. Read about the sessions with Kenneth Shropshire (Winning Negotiations: Lessons from the Business of Sport), Justin Wolfers (Racial Discrimination Amongst NBA Referees), Senthil Veeraraghavan (Revenue Management Opportunities in the Business of Sport), and Americus Reed (Social Goodwill via Health Fitness Collaboration) on the [WSBC blog](#).

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## GUEST SPEAKERS

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We have continued to attract a diverse and impressive group of sports industry executives to talk to students on a range of topics, relating to their success in the business and hot trends. Speakers in 2007 included Arn Tellem (President, WMG Management), Bill Duffy (Founder and President, BDA Management), Jeff Fluhr (Founder, StubHub) and Tom Austin (Co-Founder, AND1).

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## STUDENT TREKS

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NYC Treks in 2007 have given MBA students the opportunity to meet with senior executives from across a number of business lines within the NBA, MLB, the NFL, ESPN, Citigroup Sports Advisory, and TAKKLE. Read more about the latest trek on the WSBC [blog](#).

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## MBA SUMMER INTERNSHIPS

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Several MBA students spent their summers within the sports industry in 2007. In closing, we thought you might enjoy the brief, personal summaries of some of their experiences below:

### **Tim Lacey at the NBA**

I was one of four MBA interns that the NBA took on over the summer. I was brought into the Marketing Partnerships group but, with no structured MBA intern program, it was largely up to me what projects I took on and what business areas I gained exposure to. Projects included:

- assessing and advising on the metrics used to value marketing partnerships
- devising and detailing best practice protocol for account managers in bringing on new marketing partners
- consulting on international business development strategy, with a particular focus on generating revenue from the European initiatives and potential entry into the UAE

I also worked closely with HR executives to devise a structured MBA internship and full-time program, which is due to be implemented this year.

### **Pia Chock at Nike**

Nike hired around 10 strategic planning interns last summer; I worked in the Global Retail Strategic Planning group. We were responsible for Nike-owned retail stores around the world, as well as [nikestore.com](http://nikestore.com). (This is separate from all of Nike's retail partners, such as Foot Locker or Finish Line.) The group works closely with the retail operations team to select locations for new stores and which countries Nike will emphasize growing retail in. Projects that I worked on included a competitive analysis and call center best practices.

## **Pranjal Shah at Nike**

I interned in Nike's Global Strategic Planning (GSP) group last summer. GSP supports the CEO and CFO on high-level, cross-company initiatives. During my 10-week internship, I worked on several ad hoc projects, rather than one discrete project. This provided me an opportunity to work with many more people across the organization, which gave me good insight into the various groups and positions at Nike. I worked on a variety of mini-projects. However, the three major projects I worked on last summer are as follows:

- Global growth potential analysis across athletic categories and consumer segments to help CEO set strategic priorities.
- Corporate competitive intelligence process review and recommended a streamlined, forward-looking process.
- I worked on a side project for the Nike Foundation because I was interested in potentially pursuing a full-time opportunity with a corporate foundation. In this project, I assisted the Nike Foundation in developing a mobile phone strategy for Sub-Saharan Africa.